*Previous references.*

1904-5
(Y. Finance

File No. 131

Serial Nos. 27 to 39

*Later references.*

p12

# GENERAL AND REVENUE SECRETARIAT.

*Serial Nos.*

**Part B. for** May

SUBJECT.

Abstract cash accounts of the Mysore Spinning & Manufacturing Co. Ltd. to 31-1-05

| | |
|---|---|
| | **FILE No. 131 of 1904-05.**<br>*Abstract cash accounts of the Mysore Spinning and Manufacturing Company up to 31st January 1905.* |
| 27 | From the Comptroller, No. 4688—S. A. 733, dated 23rd February 1905.<br>Acknowledges receipt of G. O. No. Fl. 5255, dated 10th February 1905, submits a statement giving the abstract cash accounts of the Company up to 31st January 1905, and makes certain observations on the general position of the Government and the Company. |
| 39 | To the Comptroller, No. Fl. 7862, dated the 18th May 1905.<br>Instructs the Comptroller that he has full authority of management, subject to the control of Government and that, if any objection be raised by the agents on this score, further advances will be stopped; and that, when the interference of Government in details is necessary in their own interests, the agents cannot resent such interference. |

G. R. S. 11] 1904

GENERAL AND REVENUE SECRETARIAT.

Bl Inwards

NOTES.

File No. 13/3/04.

FILE HEADING.

Abstract Cash accounts of the Powder Factory & Manufacturing Comp's upto 31-1-05

From

The Controller, Military Accounts

No. 4688/733 Dated 23-2-05 Received 25-2-05

| Diary No. 3482 | Enclos. | Spare Copies. | Serial No. 27 |
|---|---|---|---|

BRIEF ABSTRACT OF LETTER.

Submits with reference to G.O.No. 1512/55-D/10-2-05 a statement giving the abstract Cash accounts of the Comp's upto 31st January 1905 & makes some observations on the general position of the Govt. and the Company.

NOTES AND ORDERS.

Submitted for orders. Kind attention is invited to paras 17 & 18 of the 27/2/05 complete report. Please put up the file relating to the Mills mentioning the copy of the Agreement with this letter of the Controller when files will be called for.

1-3-05

Notes—First sheet.

MGOPB—30,000—17-2-05.

Serial No.

In Fin. no. H. 5255 of 10.2.1905 the cash accounts of the Company for October and November 1904 were received in detail. The Comptroller's letter under reference furnishes reply to all the points adverted to therein. The working of the Mills both in its financial aspect and in its relation to Government is dealt with exhaustively. I have ~~briefly~~ indicated below the salient points:—

1) A statement giving the abstract cash accounts of the Company up to 31 Jan. 05 has been furnished—

| | | |
|---|---|---|
| Receipts | 1,28,493 | |
| Disbursements | 1,25,949 | |
| Balce | | 2,544 |

2) The payments made by Government on account of the Mill prior to its re-opening on 31 October 1904 amounted to Rs 15,415—

3) The net advance made by Govern-ment up to the end of January 1905 amounted to Rs 94,777

4) As directed in the Proceedings quoted above a Register has been opened by the Comptroller showing the balance of the overdraft after each transaction

NOTE.—Contd. sheet.

MGCPB—50,000—17-2-05

Serial No.

and columns are provided for making the interest calculation after each transaction.

5) The head "Deposits and advances which represents" suspense" items shown in the cash accounts (the nature of which as pointed out in the Government Proceedings was not clear) is stated to includes transactions connected with the remittances of the sub-agencies advances to mill hands of pay before it is due, and also deposits and advances connected with forward purchases of raw materials.

It is reported that a sum of Rs 445-11-7 deposited in the Municipal Court under protest in connection with the sale of plantation by the Court in execution of a decree against the Company has been included in the charge side of this head of account.

6) It was observed in the Government Proceedings report above that the expenditure under "Salary and wages" was large & the establishment maintained costly and that it was desirable that it should, if feasible,

NOTE—Contn. sheet.

Serial No.

be curtailed. The Comptroller states that it is not possible for him to interfere in the details of the management and has fully set forth his reasons in para 6 of his letter. The ~~further~~ further punishment that the fixed establishment charges sanctioned by the present agents are considerably less than the total of charges formerly therein.

7) The Govt. in their Proceedings regarding the Cash accounts of the Co. for October and Nov. 1908 observed that large sums aggregating over 7000 Rs had been charged for insurance and stated that it was desirable that the Comptroller as the Managing Director should have a detailed statement showing what had to be paid permanently every year on account of insurance of the Mill properties as distinguished from temporary insurance on the current stock the value of which must necessarily fluctuate. The Comptroller states that the sum of Rs 6409 incurred up to September represents the cost of insuring the Mill as a silent

NOTE.—Contd. sheet.

Serial No.

risk for two years paid by Govern-
ment that this insurance ran up
to the 25 November 1904 but that the
Company on taking over the Mill
insured it at working rates from
31 October 04 to 30 October 1905 and got
refund of the charge for accident risk
for the 25 days of November, and
that further information required by
Government has been called for.

8) From the Cash Accounts
of the Company for November 1904
it was observed that on the 23 Nov. 04
a payment of Rs 800/- was made
to Mr John Lee which was stated to
be "the salary for November and
December 1904 in full settlement
of all his claims against the Com-
pany" and the Comptroller was
asked to explain why salary was
paid before due date and how his
claims against the Company could
be settled by the payment of salary
not earned. It is now reported that
under the terms of his appointment
Mr Lee was entitled to one months
previous notice of discharge and hence

NOTE.—Contn. sheet.

Serial No.

the pay for December was given in advance.

9) It is reported that only about Rs 48000 worth of cotton was actually operated on up to January, the total expenditure other than that in purchase of raw articles up to the same period having amounted to over Rs 46000. taking the average cost of purchase at about 50 per cent of the price of cotton the expenditure was in excess of the usual margin by about ~~Rs 22000~~ Rs 22000 (46000 - 24000). Adding to this the salaries and wages unpaid for January the shortage in the assets as compared with the advance made by the Company comes to about Rs 2 lacs.

10) The latest statement of assets and liabilities for the week ending the 18 February shows the net tangible asset at about Rs 69000 against a little over Rs 99000 advanced by government up to the same date.

11) The Comptroller observes that the agreement between the government and the Company appears to have

NOTE.—Contn. sheet.

Serial No.

been very one-sided Government having agreed to advance all necessary working funds and no conditions having been laid down as to the relation between the progress of the opening of the mill and the funds advanced. We further observe that as it is not easy to determine what the term "necessary working funds" means, and in the absence of any specific provision for charging the interest on the Government advances in calculating net profits, the share-holders may come in for a share of the profits while there may not be any real profits at all.

12) Government cannot expect to realize their money by the sale of articles at their book value. A deduction of 20 or 25 percent at least should be made in valuing stock-in hand.

13) The prospects of the cotton industry as reported by the Cotton Agent are not bright at present but the Agent from has not been able to put more than half of the small mill into working order. We (accept the thanks that in the interests of Government the cotton should be



MGCPB—50,000—17-2 05

Serial No.

raised & the practical maximum and the mill worked at full power. The points enumerated in nos (5), (9) and (11) deserve the special consideration of Government.

subd Grey

4
30-3-05

[redacted]

4
31-3-05

Submitted to the Diwan Sahib for info[illegible] or for such orders as he may be pleased to pass

3.4.1905

4
3-4-05

5753/3.4.05.

Para 6 of Comptroller's( letter. )

re Salaries & wages.

The agreements with the Agents must be subordinate to the contract of the Mysore Government, under which the Company are bound to carry out everything under the authority of the managing Director, so that there need be no scruple to interfere in any detail.

If any objection be raised by the agents on this score, further advances should be stopped and a report with explanation submitted. Under the agreement, the Comptroller subject to the orders of Government, has full authority of management.

Note.—Contn. sheet.

Vern 7/3

MGCPB—50,000—17-2-05

| Serial No. | | |
|---|---|---|
| - - | Para 6 of Comptroller's letter. | The Board of Directors cannot act inconsistently with the orders of the managing Director, who is the Comptroller, and if there any conflict between both, the agents are bound to carry out the orders of the managing Director, and the Directors may make a reference to the Government. |
| | Para 7 of --do-- *Post interference in details* | Interference in details, to the prejudice of Government interests, is not certainly commended, but when necessary in such interest, the agent company cannot certainly resent such interference. |
| | Paras 8, 9 & 10 of -do- *Establishment charges, & Contingent charges* | The Comptroller ought to scrutinize the expenditure and satisfy himself that it is all necessary & proper. |
| | Para 14 of -do- *Payment of Rs. 1 lac for Ben. in advance* | The payment of the advance has not been sufficiently explained. If the agreement of service required one months previous notice, the same might have been given and it does not explain the necessity for the advance. |
| | Para 17 of --do-- *Interpretation of the term "Temporary working funds"* | If any definition of "Necessary Working funds" is required, the Comptroller may be requested to submit definite proposals. |
| | Para 19 of --do-- *Raising the working capital to practicable maximum* | The earnest attention of the agents should be called to this desirable measure, and to increase the working |

Note The Office will kindly verify before issue, if the above remarks are in any way, inconsistent with the terms of the agreement which has not been put up with the file—

7.4.05

To Branch II

HR

5908

Read with the Agreement 18-6-05

Draft advancing

8.4.1905

Note—Contn. sheet.

MGCPB—50,000—17-2-05

Office 20/4

19.4.05

Serial No.

Draft sub
22/4/05

Passed
29.4.1905

To the Comptr. no. H: 7862 dtd 18-5-05.
Issues instructions to the Comptroller as per order of the Diwan Saheb on 7.4.05.

D.3482

No. 4688 S/ Fin 131-04 Office of the Comptroller,
Sa 733 Mysore Government,
Bangalore, Dated 23rd February 1905.

From

Rai N. G. Basu Bahadur, M.A.,
Comptroller of Mysore,
B a n g a l o r e.

To

B.K.Venkatavarada Iyengar, Esq.,
Secretary to the Government of Mysore,
General and Revenue Departments.

Sir,

I have the honour to ~~to~~ acknowledge the receipt of Government orders No.Fl:5255/Gl:Finl:131-04-16 dated the 10th February current reviewing the cash accounts of the Mysore Spinning and Manufacturing Company Ltd., for October and November 1904.

2. I enclose a statement giving the abstract cash accounts of the Company up to 31st January 1905. This statement has been prepared in my office from the cash accounts submitted by the Company's agent, and it also includes the various payments made by Government on account of the Mill prior to the reopening of the Mill on 31st October 1904. These payments amounted to Rs.15,415 made up as follows :-

| | | | |
|---|---|---|---|
| For insurance of the Mill as silent risks ... | 6,408 | 12 | 9 |
| For pay of Establishment ... ... | 1,843 | 10 | 7 |
| " Repairs to Buildings ... ... | 162 | 10 | 6 |
| " Repairs to Machinery ... ... | 5,000 | 0 | 0 |
| " Expenses preliminary to the reopening of the Mill ... ... ... | 2,000 | 0 | 0 |
| | 15,415 | 1 | 10 |

3. The net advance made by Government up to the end of January amounted to Rupees 94,777 against the authorised advance of Rs.1,00,415/-.

| | |
|---|---|
| Advance up to 23rd November '04 | 25,415 |
| Advance sanctioned from 24th Novr: '04 | 75,000 |
| | 1,00,415 |

This net sum of Rs.94,777 is made up of a gross advance of

of Rs.1,25,531 less Rs.30,754 paid into the Treasury on account of sale proceeds of yarn and cloth. A register has been opened in my office in which is shown the balance of the overdraft ~~after~~ after each transaction and columns are provided for making the interest calculation after each transaction.

4. The figures for yarn and cloth sales and for payments on cotton account and wheat and Flour account as shown in the abstract compilation are not final, because at present the accounts of the Bombay and Bangalore offices only are submitted to my office, and in these accounts remittances to or from the sub-agencies at Hubli, Devanagere, Ranebenoor & Bellary are shown as they occur. These remittances when finally adjusted to the proper heads will alter the figures for receipts and charges. The adjusted accounts for January are not yet ready and I have asked the Company's agent to submit to me a copy of the adjusted accounts as soon as they are ready.

5 The head "Deposits and advances" records transactions connected with the remittances to the Sub agencies, advances to Mill hands of pay before it is ~~done~~ due and also deposits & advances connected with forward purchases of raw materials. In the Company's cash accounts they are described as "suspense" items, but I have in my compilation adopted the head "Deposits & advances" as more appropriate. The head includes on the charge side a sum of Rs.445-11-7 deposited in the Munsiffs Court under protest in connection with the sale of plantation by the Court in execution of a decree against the Company.

6. Salaries & Wages.- This head shows a steady progressive increase since October. Government have recorded the opinion that the establishment maintained is rather costly. But it is not clear to ~~to~~ me that I can in any way interfere in the detai of the management. Though under the agreement between the Gove -ment and the Company dated the 15th October 1904, all the trans actions of the Company in Bangalore are to be carried on under the authority of the Managing Director, the separate agreement between the Company and their present agent, practically makes the agent independent, and I venture to invite attention to the

the following terms of the agreement between the Company and its agent dated the 15th October 1904.

1st The agent firm to transact perform and superintend all such matters and things as are usually transacted done &c., by the agents of joint stock companies in Bombay or as may from time to time be reasonably required &c.,

2nd The Agent shall remain subject to and obey the reasonable orders of the Board of Directors including the Managing Director at Bangalore.

3rd The Agent shall make all necessary and proper disbursements in carrying on the business.

4th The performance of the undermentioned matters & things shall be within the powers of the agents and shall form a portion of the duties of the agent firm.

(a) Purchase, sale &c., of cotton fibres, wool and other raw materials & produce local stores Machinery and all other moveable articles &c., the sale or purchase of which may in the opinion of the agent be necessary or advisable in the interest of the Company.

(b) Sale of articles manufactured by the Company.

(c) To keep the manufactury &c., in good condition and order at the expense of the Company.

(d) To engage for a period not exceeding 2 years at any one time and to discharge such Engineers, Clerks, Workmen and other servants as the Agents think fit in the interest of the Company and to fix and pay their respective salaries & wages.

5th As to remuneration, the Company shall pay to the Agent such sum per year for their office expense in Bombay as the Government of H. H. the Maharaja may think proper and their actual actual travelling and other incidental expenses.

6th The Company shall pay to and reimburse the said firm all costs and expenses in respect of law charges, travelling expenses and also all other petty expenses properly incurred by the firm in and about reestablishing the business of the Company.

Under the terms stated above, the Agent firm is likely to resent any interference in detail and it is not also to the

the interest of Government to interfere in any way with the details of the management.

On a general examination of the charges of establishment and Wages I find that in the year 1899-1900 the charges on the same account were as follows :-

| | Total Salaries & Wages. | Including Fixed Establishment. |
|---|---|---|
| April 1899 ... | 5,218 | 1,381 |
| May " ... | 5,743 | 1,384 |
| June " ... | 6,059 | 1,427 |
| July " ... | 6,292 | 1,510 |
| August " ... | 6,337 | 1,510 |
| September ... | 6,752 | 1,510 |
| October ... | 6,641 | 1,510 |
| November ... | 6,568 | 1,478 |
| December ... | 6,539 | 1,478 |
| January 1900 ... | 5,896 | 1,409 |
| February " ... | 4,551 | 1,344 |
| March " ... | 4,986 | 1,510 |

8. The fixed establishment charges sanctioned by the present Agents come to Rs.1,089 a month made up of a Weaving and Spinning Master on Rs.200, a Secretary on Rs.140, an Engineer on Rs.100, a Foreman on Rs.80, an Accountant on Rs.50, an Assistant Spinning Master on Rs.50, an Assistant Cardmaster on Rs.45 an Assistant Weaving and Spinning Master on Rs.60 and 20 Clerks on various pay aggregating Rs.339 a month together with 3 peons on Rs.25. As this total is considerably less than the total formerly charged it is not clear that any special action is called for.

9. The Establishment allowance at Bombay has been sanctioned by the Directors at Rs.250 a month from 1st April 1904 and has been drawn up to October. It will be noticed that payments have been claimed for a period anterior to the date of the agreement with the Company. The amounts are paid in Bombay and come under my notice through the cash accounts.

10. The charges for "Contingencies &c.," appear to be pretty large but they include in addition to ordinary office contingencies the following items :-

| | | | |
|---|---|---|---|
| **Up to September** | | | |
| | Rs. | | |
| Advertising charges ... ... | 32 | 12 | 0 |
| Travelling expenses & carriage hire of Agent | 105 | 7 | 0 |
| Railway fare of Manager & employees ... | 85 | 10 | 0 |
| Fittings for Managers Bungalow ... | 13 | 2 | 0 |
| Legal advice ... ... | 8 | 0 | 0 |
| Total say | 245 | 0 | 0 |
| **October** | | | |
| Subscription to Times of India ... | 48 | 0 | 0 |
| Travelling expenses & carriage hire of Agent | 92 | 12 | 0 |
| Travelling expenses of employees ... | 18 | 9 | 0 |
| Boarding expenses & carriage expenses of Mr. Whittell ... ... | 20 | 14 | 0 |
| Say | 180 | 0 | 0 |
| **November** | | | |
| Passages of employees ... ... | 48 | 7 | 0 |
| Carriage hire & Railway fare of Agent ... | 44 | 0 | 0 |
| Discount & Interest ... ... | 18 | 12 | 0 |
| | 111 | 0 | 0 |
| **December** | | | |
| Travelling & carriages expenses .... | 215 | 0 | 0 |
| Discount on drafts ... ... | 9 | 6 | 0 |
| Registration charges ... ... | 16 | 14 | 0 |
| | 241 | 4 | 0 |
| **January** | | | |
| Railway fare & carriage hire ... | 32 | 0 | 0 |

11. **Law charges** The sum of Rs.1360 shown against this head represents payment to Messrs Thakurdas & Co., Solicitors for their opinion and advice in connection with the arrangement for the reworking of the Mill.

12. **Insurance** The sum of Rs.6,409 incurred up to September represents the cost of insuring the Mill as a silent risk for two years paid by Government. This insurance ran up to the 25th

25th November 1904 but the Company on taking over the Mill insured it at working rates from 31st October '04 to 30th October 1905 and got refund of the charge for silent risk for the 25 days of November. The net payments after deduction of the refund are included in the cash accounts for November, and the local office has asked the Head office at Bombay for further information required by Government.

13 A sum of Rs.227 is shown under a new head "Stores from Wagha". This, I understand, represents payment to the clerk in charge of the stores held by Mr. S.S.Wagha at the Mill premises. I have asked the Agent to explain the nature of the transaction and to say whether any deduction should be made on account of this from the amount otherwise due to Mr. Wagha.

14. With reference to para 5 of Government letter of the 10th February quoted in the opening para of this letter I have the honour to explain that under the terms of his appointment Mr. Lee was entitled to one month's previous notice of discharge and hence the pay for December was given in advance.

15. Having noticed the salient features of the cash accounts received up to January, it remains for me to make some observations on the general position of the Government and the Company It will be seen from the abstract statement now submitted by me that the total expenditure other than that in purchase of raw articles amounted to over Rs.46,000 up to January. Only about Rs.48,000 worth of cotton was actually operated on up to that month in the Mill and taking the average cost of production at about 50 per cent of the price of cotton the expenditure was in excess of the usual margin by about Rs.22,000. In other words Government must be prepared for a shortage of about Rs.22,000 in the assets as compared with the advance made to the Company. Taking into account the Salaries & Wages unpaid for January the shortage comes to about Rs.28,000.

16. The latest statement of Assets & Liabilities for the week ending the 18th February submitted by the Agent Firm shows the net Asset at about Rs.98,000 including Rs.15,000 on account of

of Wagha's stores which is outside the present arrangements, Rs.7,000 on account of Machinery and Deadstock with which the Mill was restarted, and which was not paid out of the new funds, and Rs.7,000 on account of unexpired insurance, which though treated as an Asset in the Revenue Accounts is no asset for Government purposes. This leaves the net tangible asset at about Rs.69,000 against a little over Rs.99,000 advanced by Government up to the 18th February. The result agrees fairly with the calculation in the preceding paragraph.

17. It may not be out of place to note here that the agreement between the Government and the Company appears to me to have been very one sided. Government has agreed to advance all necessary working funds and has not laid down any condition as to the relation between the progress of the opening of the Mill and the funds advanced. The Agent has mentioned to me that he will soon apply for an additional advance of Rs.25,000 and I hear from private sources that he has lately sold a consignment of cotton at a profit of about Rs.700. What the term "Necessary working funds" means is not easy to determine, and in the absence of any specific provision for charging the interest on the Government advances in calculating net profits, the shareholders may come in for a share of the profits while there may not be any real profits at all.

18. It should also be remembered that the stock-in-trade even if it were equal in value to the Government advance would not secure the advance fully because in actual fact, if the worst anticipations are realised, Government cannot expect to realise their money by the sale of the articles at their book value. A deduction of 20 or 25 per cent at least should be made.

19. The prospects of the Cotton Industry are satisfactory at present and by honest work it will be possible to resusciate the Mill here, but the Agent Firm has not been able to put more than half ~~1/16~~ of this small mill into working order and in the interest of Government the outturn should be raised to

to the practicable maximum and the mill worked at full power as soon as possible.

I have the honor to be,

Sir,

Your most obedient servant,

Comptroller.

Abstract Cash accounts of the Mysore Sr

Receipts.

| Heads of Receipt. | Up to September 04. | October 04. | November 04. | December 04. | January 05. | Total: |
|---|---|---|---|---|---|---|
| Advance by Government | 13415 | 2000 | 40000 | 11390 | 28072 | 94877 |
| Yarn Sales | .. | .. | .. | 8485 | 12390 | 20875 |
| Cloth Sales | .. | .. | 13 | 4104 | 3986 | 8103 |
| Sundry Earnings | 40 | .. | .. | 32 | 10 | 82 |
| Dharma A/C | .. | .. | .. | 12 | 14 | 26 |
| Deposits &Advances (net) | 100 | 461 | 5890 | .. | 1300 | 4585 |
| Total. | 13555 | 2461 | 45905 | 24023 | 45772 | 128488 |
| Opening Balance | 5 | 895 | 611 | 15995 | 4387 | 5 |
| Grand Total | 13560- | 3356- | 46514- | 40018- | 50159- | 128493- |

Bangalore,

2[illegible] February 1905.

nning and Weaving Mills.

Disbursements.

| Heads of Disbursements. | Up to September 04. | October 1904. | November 04 | December 04. | January 1905. | Total. |
|---|---|---|---|---|---|---|
| Cotton account | 52 | 141 | 16229 | 24622 | 34708 | 75732 |
| Wheat Flour | .. | 48 | 345 | 879 | 2591 | 3863 |
| Salaries & wages | 3226 | 1260 | 2419 | 3078 | 3959 | 13942 |
| Establishment, allowance Bombay. | 500 | 200 | .. | 300 | 750 | 1750 |
| Directors' fees | .. | .. | .. | .. | 150 | 150 |
| Contingencies & Travelling expenses | 327 | 222 | 196 | 318 | 117 | 1180 |
| Stationery charges. | 22 | 23 | 39 | 72 | 125 | 281 |
| Law charges | .. | .. | .. | .. | 1360 | 1360 |
| Insurance | 6409 | 256 | 7004 | 56 | 14 | 13739 |
| Stores account | 292 | 277 | 1037 | 1362 | 1035 | 4003 |
| Stores from Wagho | 112 | .. | 44 | 37 | 34 | 227 |
| Machenery account | 1321 | 132 | 311 | 1449 | 1414 | 4627 |
| Fuel account | 88 | | 2723 | 69 | 1146 | 4026 |
| Timber | 60 | 18 | 59 | 77 | .. | 214 |
| Repairs to Buildings | 223 | 45 | 32 | 50 | 206 | 556 |
| Dead stock | 32 | 123 | 81 | 35 | 6 | 277 |
| Spare articles account | 21 | .. | .. | 1 | .. | 22 |
| Deposits & advances(net) | .. | .. | .. | 3226 | .. | .. |
| Total | 12665 | 2745 | 30519 | 35631 | 47615 | 125949 |
| Closing Balance | | | | | | |
| Bangalore..... | 130 | 148 | 1874 | 3984 | 2177 | 2177 |
| Bombay..... | 765 | 463 | 14121 | 463 | 367 | 367 |
| Grand Total..... | 13560- | 3356- | 46514- | 40018- | 50159- | 128493- |

Comptroller,
(Managing Director.

G.R.S. 28]

File No. 131/04

Serial No. 39

Diary No. of letter replied to 3482

*Proceedings of the Government of His Highness the Maharaja of Mysore.*

**GENERAL AND REVENUE SECRETARIAT.**
(Genl. Fin.)

, the 18th May 1905

Date of issue do

Signed by V. P. Satyanarayana Rao

READ.—

G. O. No. R. 5255 Genl. Fin. 131-04-16 of the 10th February 1905 reviewing the cash accounts of the Mysore Spinning and Manufacturing Company Ltd. for October and November 1904.

ORDER THEREON.—No. Letter No. 4688 Sa 733 of the 23rd February 1905 from the Comptroller to the Govt. of H. H. the Maharaja of Mysore

(Here enter the above letter in Extenso with the accompanying Statement)

over

SUBJECT

Order No H 7862 dt 18 May 05
Gl Jrn 131-04-38

1. The Comptroller's letter read above deals exhaustively with the working of the Mills both in its financial aspect and in its relation to Govt. and Govt. are pleased to give the following instructions on several points therein referred to or otherwise:-

2. Para 6 of the Comptroller's letter re Salaries and wages of the Mill Employees. The agreements with the Agents must be subordinate to the Contract with the Imperial Govt, under which the Company are bound to carry out everything under the authority of the Managing Director, so that there need be no temptation to interfere in any detail.

If any objection be raised by the Agents on this score, further advances should be stopped and a report with explanation submitted. Under the agreement, the Comptroller, subject to the orders of Govt, has full authority of management.

The Board of Directors cannot act

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation Sheet draft form.*)

inconsistently with the orders of the Manag-ing Director who is the Comptroller, and if there be any conflict between both, the Agents are bound to carry out the orders of the managing Director, and the Director may make a reference to the Govt

3. Para 7. re Govt. interference in details.

Interference in details, to the prejudice of Govt. interests, is not certainly com-mended, but when necessary in such interest, the Agents of the Company cannot certainly resent such interference

4. Paras 8, 9 & 10. re Establishment and contingent charges

The Comptroller ought to scrutinise the Expenditure and satisfy himself that it is all necessary and proper.

5. Para 14. re payment of Rs 4 Lacs pay for December 1904 in advance.

The payment of the advance has not been sufficiently explained. If the agreement of Service required one months previous notice, the same might have been given and it does not explain the necessity for

the advance.

6. Para 17 re interpretation of the term "necessary working funds".

If any definition of "necessary working funds" is required, the Comptroller is requested to submit definite proposals.

7. Para 19 re reserve of the cotton of the mills to practicable maximum

The earnest attention of the Agents is called to this desirable measure and to increase the working.

N.D
29-4-1905

Secretary

22-4-05

The Comptroller.

~~4. Agents of the Bengal Chamber of Commerce~~
~~Indian Industrial Commission~~